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December 1, 2004

Office of the Auditor General
Debra K. Davenport
2910 N 44th Street, Suite 410
Phoenix, Arizona 85018

Dear Ms. Davenport:

Enclosed is the Glendale Union High School District response to the Performance Audit. The report indicates findings which we are in general agreement; however, the district continues to question the methodology used to determine the outcomes. As we previously expressed, high school districts are not comparable to elementary districts or unified districts.

We appreciate you taking the time to meet and discuss your audit and our concerns two times. During our recent meeting you encouraged us to contact your office if we felt the report was unfair or biased. We did indeed contact your office to gather additional information about your current methodology for selecting the comparison schools that were included in your report. Based on these conversations and following a review of the 2000 and 2002 reports on factors impacting school district administrative costs published by your office, we are even more concerned that your methodology for selecting comparison schools is based on invalid assumptions. Enclosed with our response to the performance audit you will find our discussion of why your methods may be invalid in terms of selecting comparison schools.

Glendale Union High School District has a strong state and national reputation for outstanding staff, curricular and extra-curricular programs. At the same time, we have been conservative in our taxing and have developed an enviable reputation for wise expenditures of monies for school operations. As indicated, your report does conclude that our administrative cost percentage matched the average of 9.9% for all districts in the state and our funding in the classroom is 59.6%, which is higher than state average of 58.6%.

The District continues to improve the educational experience offered, while providing financial accountability to the community taxpayers. It is unfortunate that your audit does not take into consideration how successful a school district is and what these practices are that contribute to the success. As a school district, our bottom line should be measured in terms of student achievement and success.

Empowering All Students For The Choices And Challenges Of The Twenty-First Century

Apollo•Cortez•Glendale•Greenway•Independence•Moon Valley•Sunnyslope•Thunderbird•Washington•Metrocenter Academy

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Glendale Union celebrates diverse cultures and socioeconomic backgrounds, yet, all nine of our high schools have earned excelling, highly performing or performing labels under the Arizona LEARNS program. Our school district consistently reports a low drop out rate, high graduation rate and strong participation in the fine arts, athletics and community service. Our faculty and staff are well trained, and students benefit from a low pupil/teacher ratio and more school days for instructions. As a result, nearly 80% of our students go on to higher education and training upon graduation.

In closing, we are not disputing the reasons for the audit; in fact we want to improve from the audit. Presently from the comparison group we have 63 elementary schools and 13 high schools to call. Looking at their combined data does not give our nine high schools clear direction. We believe the sample number of high schools is too few to be reliable when added to 63 elementary schools. Currently in the state of Arizona there are 58 high schools whose student count range is from 950 to 1899 students, and another 58 high schools whose student count range is from 1900 to 4000 students. These are the schools that we must compete with in all areas. Data generated from these schools would be a great benefit to all 116 high schools.

We strongly encourage your department reconsider the current methods used to determine outcomes. We are asking your department to use type of school, elementary or high school, as factors in your formulas.

I look forward to the continued dialogue between your office and the Glendale Union High School District and would be interested in participating in a project that would make the above comparison possible.

Sincerely,

Vernon Jacobs
Superintendent

Enclosure: District Response

Glendale Union High School District

District response to Auditor General audit findings and recommendations

Chapter 1 - Administration

The Glendale Union High School District believes the method for selecting comparable schools used by the audit team for the comparison of administrative cost leads to invalid conclusions. The auditors' primary criterion for determining comparative districts is average daily membership counts and number of schools. In the audit report this has resulted in the comparison of Glendale Union High School District with five other districts with a combined total of 63 elementary schools and only 13 high schools. We believe a criterion that compares elementary schools to high school programs leads to invalid conclusions. The Auditor General's staff references the 2002 Special Study, Factors Affecting School Districts' Administrative Costs, as the basis for their decision not to include type of school in the comparative school selection. In that study, the Auditor General states:

“In addition, because of questions raised following a previous administrative cost study, auditors also examined special education expenditures and district type. However, we found that these factors do not appear to impact administrative costs.”

While this conclusion was reached in this study, no data was provided to support the result. The Glendale Union High School District gathered the data provided in both the 2002 study and the previous 2000 study and found the following.

Using the same methods as the Auditor General, we examined whether there were significant differences based on school district type in per pupil administrative costs. In addition we examined if there was any interaction between school district size and type that would contribute to differences in per pupil administrative costs.

Our analysis of school district type indicated that despite significant observable differences in the group means (greater than \$100 per pupil) there were no statistically significant differences. However, upon examination of observed statistical power, the reason that no significant differences were noted was likely due to the fact that statistical power was too low to detect a difference between group means if one actually existed. Statistical power for the test we performed showed a 68 percent chance that the conclusion that type is not a significant factor is in error. Statistically speaking this is called a Type II error. As a result of our analysis, there is strong evidence that a difference may exist between school districts based on type of district but that such differences were not noted in the 2002 Special Study because the Auditor General's staff failed to take into account the impact of statistical power and the extremely high probability of Type II error in their analysis.

As a result of our analysis and based on our discussion with the Auditor General's staff, we contend that the conclusion above, indicating that district type is not a factor that affects administrative costs, is likely an inaccurate conclusion based on the data.

Finally, we examined the impact of school size and type combined on administrative costs and determined that there was a significant impact. Additionally the interaction between these two variables does seem to be significant when they are examined simultaneously.

As a result, this analysis provides additional support that school district type may impact administrative costs.

We believe that, even if it was determined that type of district was not a factor affecting administrative costs, type of district would be a factor in evaluating administrative staffing of a school district. The Auditor General's staff expanded their research to evaluate 50 high schools and compared their administrative staffing to that of Glendale Union. The Auditor General reported most high schools had three assistant principals, similar to Glendale Union High School District's staffing. The finding that the district has 16 more administrators than the comparable districts does not take into consideration the difference in staffing resulting from type of district.

The Glendale Union High School District also questions the significant spread of administrative costs for the comparable districts. The lowest spending district spends \$153 less per student than the next lowest district of the comparative group and about 29% less than the average of all the schools. This significant spread raises the concern that administrative costs may not be consistently reported at all schools. If the Auditor General is going to use comparative districts that include such significant spread, we suggest that the median cost would provide a more appropriate measure of central tendency than the average. In the case of the current comparative districts, the median cost is \$560 and places Glendale Union administrative costs at 13% above these districts.

The Glendale Union High School District believes that issues, such as school size, should also be relevant. Glendale Union has purposely maintained smaller school sizes to address such issues as dropouts and student involvement in extracurricular activities, which we believe significantly enhances student achievement.

Audit Recommendation

1. The District should evaluate whether it could modify its school administration staffing levels to produce cost savings.

District Response

The district agrees it will continue to evaluate its school administrative staffing levels. Our current school administrative staffing levels are appropriate. As is pointed out in the Auditor General report, the district staffing for high schools with three assistant principal positions is comparable to other high schools. Our

administrative costs as a percentage of total costs are below the national average and are equal to the state average. In our evaluation of administrative staffing, we will also study the appropriate classification of each of the administrative positions to the 2400 function. We believe that a significant portion of these costs may be more properly coded toward the 2200 function, which may be more consistent with how other districts are recording costs.

Glendale Union maintains community-based high schools with lower student populations than those selected by the Auditor General for comparative purposes. While we recognize there is a cost to this decision, we also recognize there is a consequence to increasing the school size. Our district's nine highly academically performing schools have maintained significantly lower dropout rates than the state average and below that of the comparative districts. We have also engaged 70 percent of our students into extracurricular programs, which would not be possible in a larger school program.

Audit Recommendation

2. The District should evaluate the costs of providing certain administrators with expense allowances and paying current employees for accumulated leave and determine whether such benefits should be less generous or discontinued.

District Response

The district agrees it will continue to evaluate the use of expense allowances and paying current employees for accumulated leave. Administrators' expense allowances have been utilized in lieu of providing district cell phones and a fleet of district vehicles. The district estimates savings annually to its operating budget of approximately \$100,000 as a result of this expense allowance. These savings will be considered in the district's determination whether to continue the expense allowances or not.

The district does annually compare its salary schedules to that of the following districts—Phoenix Union, Tucson Unified, Gilbert Unified, Peoria Unified, Mesa Unified, Tempe Union, Chandler Unified, Paradise Valley Unified, Scottsdale Unified and Deer Valley Unified. We find that our administrative salaries, including expense allowances, rank from 9th to 5th in comparison to these larger districts. The buyout of accumulated leave is used as an incentive to reward employees for good attendance.

Audit Recommendation

3. The District should evaluate more cost-effective alternatives for keeping its community informed.

District Response

The district agrees to evaluate more cost-effective alternatives for keeping its community informed. The Glendale Union High School District has always worked to provide strong communication back to our community. The use of electronic communication is currently being developed in our district but at this time it is considered a poor method due to the large number of our families that do not have access to this media and because of the large number of our community members for whom the district does not have access to their e-mail addresses. The district is also exploring expanded bulk mailing options for some district mailings.

Chapter 2 - Food Service

The Glendale Union High School District's food service operation has been undergoing several changes which impact the overall program operations and results. Beginning in the 2005 school year, all nine of the district's campuses participate in the federal meal program. Eight of the district's nine campuses are also closed. Both of these changes have significantly affected the district food program and improved the results from our operations.

Audit Recommendation

1. The District should continue to monitor salary and benefit costs with the goal of limiting these expenditures to no more than 50 percent of the food service revenues.

District Response

The district agrees with this finding and has already implemented the recommendation. According to the district's last reporting, current salaries and benefits fall below the state guideline of 50 percent of total food service revenues. The district continues to evaluate its salaries in comparison to the surrounding districts and strives to offer a competitive salary and benefit package. As found by the Auditor General, our food service salaries are similar to those of our adjoining districts.

Audit Recommendation

2. In its ongoing analysis, the District should include all related costs when determining whether the food service program is self-supporting and meal prices are appropriate.

District Response

The district agrees with this finding and has already implemented the recommendation. The district has changed its practice of paying for employee

benefits through the district operation budget. The district will include all costs in its analysis for meal costing purposes.

Audit Recommendation

3. The District should work to ensure its program is self-sufficient by considering limiting the variety and type of food choices and the negative effects of policies such as discounted meal prices and, if necessary, raising meal prices.

District Response

The district agrees with this finding and has already implemented the recommendation. With the movement of all district schools into the federal meal program, the district has been able to replace the Earn and Learn program with the federal free and reduced price meal program. We believe there are many positive effects of discounted pricing as incentive to use credit accounts. These include reduced overt identification for students on the federal program, less cash handling, and increased food line speed. Expansion of the federal program, closed campuses, and other enhancements have enabled the district food service program to become self-sufficient.

Chapter 3 - Student Transportation

The Glendale Union High School District has expressed its concern to the audit team regarding the use of comparable districts in this area. As is reflected in Table 4, significant differences in the populations of districts used for comparative purposes exist. We appreciate that the audit team attempted to find districts with similar special need populations. As pointed out in your report, Glendale Union High School District is the only district in the group with such a high concentration of special needs students. This factor alone accounts for most of the difference in the district costs.

The district has hired a new Director of Transportation. The new director is doing a complete evaluation of the department's operations to improve efficiencies and cost effectiveness.

Audit Recommendation

1. The District should evaluate whether Special Education transportation costs can be reduced. Efforts may include such things as reviewing routes, using fewer or closer alternative programs, and/or reassessing its staffing needs.

District Response

The district agrees with this finding and is implementing the recommendation. The district continually evaluates its special education transportation program. We will continue to do so and reduce costs where possible and not in conflict with student individual educational plan requirements. We have reviewed special

education routes in common with our largest feeder district and have found minimal opportunity for joint special education routes. The district has made significant progress in the last three years in returning private school special education students back to district schools.

Audit Recommendation

2. The District should review its regular bus routes for efficiency.

District Response

The district agrees to continue to review its regular bus runs and will implement bus route efficiencies where possible. While it is the district's goal to maximize the efficiency of each bus run, it clearly is not possible in all instances, especially with overflow runs and low population areas.

Audit Recommendation

3. The District should monitor daily route, activity trip, and non-drive time and evaluate driver productivity.

District Response

The district agrees with this finding and is implementing the recommendation. The district will monitor daily route, activity trip and non-drive time and evaluate driver productivity.

Audit Recommendation

4. The District should improve its bus mileage reporting by ensuring drivers are adequately trained to complete bus mileage logs, all bus logs are turned in, and the monthly mileage summaries are accurate and complete.

District Response

The district agrees with this finding and is implementing the recommendation. The district has implemented new procedures to assure the accuracy and completeness of its bus mileage reporting.

Audit Recommendation

5. The District should develop and monitor performance measures, including cost-per-mile, cost-per-rider, and measures focusing on timeliness, bus capacity, and driver productivity to enhance its ability to manage the program efficiently.

District Response

The district agrees with this finding and is implementing the recommendation. The district will monitor performance measures, including costs per mile, to enhance its ability to manage the program efficiently.

Chapter 4 - Plant Operation and Maintenance

For this section of the report, the Auditor General excluded elementary districts to determine districts for comparative purposes. We believe this enhanced the validity of the analysis.

Audit Recommendation

1. The District should evaluate the use of its copiers to determine if it can reduce usage by encouraging staff to send larger print jobs to the print shop and monitoring copier use through access controls or other measures.

District Response

The district agrees to continue to encourage staff to utilize more efficient means, like our in-house print shop, to create efficiencies and to try to keep costs down. We believe the use of copiers is not only cost effective but is also critical to our assessment philosophy and provides teachers with the most current teaching materials. As found by the Auditor General, the textbook savings of \$66/pupil exceeds the \$49/pupil increased maintenance costs. While the use of copiers poses a significant cost to the district, we believe that our approach to curriculum development has resulted in significant improvement in learning for our students.

Chapter 5 - Proposition 301 Dollars

The Auditor General had no recommendations for the district in this section.

Chapter 6 - Classroom Dollars

Audit Recommendation

1. The District should ensure that its transactions are classified in accordance with the Uniform Chart of Accounts for school districts.

District Response

The district agrees with this finding and is implementing the recommendation. The district will ensure that all transactions are classified in accordance with the Uniform Chart of Accounts for school districts.

Chapter 7 - Desegregation Monies

Arizona Revised Statutes §15-910(G) permits expenditure of desegregation monies for “complying with or continuing to implement activities which were required or permitted by a court order of desegregation or administrative agreement with the United States Department of Education’s Office for Civil Rights directed toward remediating alleged or proven racial discrimination.” There is no limit on the types of activities or programs that may be funded, provided they are required or permitted by the Office of Civil Rights agreement and are directed toward remediating past discrimination.

In order to be eligible for funding under Arizona Revised Statutes §15-910(G), an activity must meet two criteria. First, it must be “required or permitted by . . . an administrative agreement” with the Office of Civil Rights. Second, the activity must be “directed toward remediation of alleged or proven racial discrimination.”

Audit Recommendation

1. The District should discontinue paying for the cost of non-limited English proficient at-risk student services from its desegregation monies.

District Response

The district agrees to identify the limited English proficient students served in the “at-risk” services provided under the district’s desegregation agreement. The “at-risk” programs described in the 1991 and 1992 Revised Plans clearly meet the criteria as set forth in Arizona Revised Statutes §15-910(G). By their own terms, the Office of Civil Rights’ letters accepting the changes to the Plan and the Revised Plan state that all of the activities set forth in the Plans are required for the district to meet its obligations under Title VI. It follows, therefore, that these activities are directed toward remediation of past alleged discrimination against national origin language minority and other minority students. Clearly, at-risk programs qualify under the terms and conditions of Arizona Revised Statutes §15-910(G). Under the current structure of the district’s program, students would not be identified as limited English proficient once they have been mainstreamed. It has been the district’s preference not to label the students once they are moved out of the English language learner classroom. The “at-risk” services are there as a support system. It is possible that some non-limited English proficient students participate in the program to provide mentoring and peer modeling. The Glendale Union High School District will review enrollments in its “at-risk” classes and will ensure that all students served are qualified for limited English proficient services. Non-limited English proficient at-risk students will be funded through non-desegregation monies.